



DEPARTMENT OF THE AIR FORCE
HEADQUARTERS UNITED STATES AIR FORCE
WASHINGTON 25, D. C. #592

DPD-1224-60

REPLY TO:

Auditor General Comptroller USAF
 Eastern District Liaison Office
 P.O. Box 8155 S. W. Station
 Washington, D. C.

20 January 1960

SUBJECT : Advisory Report on Price Redetermination Audit
 Baird-Atomic, Inc., Cambridge, Mass.
 Subcontractor to Lockheed Aircraft Corporation
 Burbank, California
 Purchase Order No. 4355
 Under Prime Contract SP-1919

TO : Contracting Officer

REFERENCE : Audit Report No. 546 (Burbank(L) Contract SP-1919)

1. The referenced audit report (in paragraph 3, note 3) indicated that an audit would be performed of costs under the subject subcontract. Such audit has now been completed.

2. Purchase Order No. 4355 dated 6 November 1958, as amended, provides for a target price of \$61,860 with a maximum price of \$68,046. (reflecting a possible 10% upward and unlimited downward adjustment). It calls for price redetermination after completion. Work commenced in November 1958 and was completed in December 1959.

3. A summary of the subcontractor's proposal and the auditor's findings, detailed in Exhibit A, is set forth below:


	<u>As Proposed By Subcontractor</u>	<u>Costs Recommended For Acceptance by Auditor</u>
Costs	\$62,965.14	\$62,965.14
Profit 10%	6,296.51	
	<u>69,261.65</u>	
Less Excess Over Maximum Authorized	<u>1,215.65</u>	
Proposed Price	<u><u>\$68,046.00</u></u>	

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4. Property. The subcontractor submitted a certification dated 6 January 1960 that all material, supplies and equipment furnished to it by the customer for use on the subject purchase order were expended in the performance of the work or returned to the customer. It further certified that all material, supplies and equipment acquired through purchase under the subcontract were expended in performance and delivered either as end item or spares.

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Audit Liaison Officer
Eastern District
Auditor General

Exhibit A

Barid - Atomic Inc
Purchase Order No. 4355 Under Contract SP-1919

Subcontractor's Cost Statement And Auditor's Findings Related Thereto

	<u>Per Subcontractor's Proposal</u>	<u>Recommended for Acceptance by Auditor</u>
Direct Labor	\$	\$
Research and Engineering	1632302	1632302
Manufacturing	130527	130527
Plant overhead		
Research and Engineering	1681271	1681271
Manufacturing	237820	237820
Direct materials	2077438	2077438
Overtime premium	36978	36978
Travel and subsistence	44586	44586
Plant cost	\$ 5840922	\$ 5840922
D & A expense	455592	455592
Total cost	\$ 6296514	<u>\$ 6296514</u>
Profit	629651	
Total	\$ 6926165	
Less - Excuse over maximum authorized	121565	
Proposed price	<u>\$ 6804600</u>	